

Beyond popularizing parecon, parecon advocates can support fights against racism, sexism, environmental destruction and other progressive issues, as we must move forward not just in economics, but also in many areas. We could also campaign for taxing the rich, worker's rights and participatory budgeting. Other things that can be done include forming cooperative workplaces that use balanced job complexes. This has already been done in a small number of businesses, with some success, such as Mondragon bookstore in Winnipeg. Also, where cooperative businesses already exist, like credit unions, it might be possible to get them to become balanced job complexes. But neither of these ideas will mean much until the ideas of parecon are well known. A political party with the long term goal of parecon is another idea, which might help to popularize it.

The strategy should be to fight for immediate gains, like full employment and taxing the rich, but with an eye on the prize, eventually we want to get to a better economy. This alleviates immediate suffering, and also brings us closer to a more desirable system.

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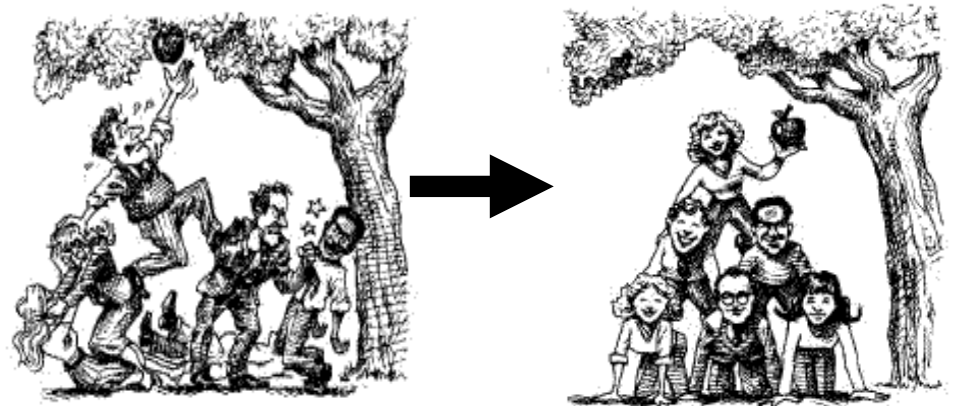
<http://www.zmag.org/znet/viewArticle/4957> (parpolity)

Texts:

“Looking Forward: Participatory Economics for the 21st Century” Michael Albert and Robin Hahnel.

“Parecon: Life After Capitalism” by Michael Albert

An Introduction to Participatory Economics (Parecon)



What is this pamphlet about?

This pamphlet seeks to describe how a democratic, participatory economy would work. (PARTicipatory ECONomy = PARECON). An economy is the set of systems and institutions (rules) in which we work. While we work, we generate and distribute goods and services for each other. The question is, can we work and generate goods and services democratically, fairly, and sustainably? Our current economy, known as “capitalism,” works undemocratically, unfairly, and unsustainably. The idea of parecon is to design a completely new way of running the economy democratically. How would a democratic workplace function with minimal hierarchy? How can we decide what to produce and how much to produce through a democratic process? How would it work?

The answer involves an economy without class, hierarchy, the profit motive, stock markets, inherent environmental destruction, banks, advertising, etc. Still, it appears it will work well to meet our wants and needs. In fact, a parecon should work even more efficiently than capitalism does today, and still be democratic and fair. Parecon is very different from capitalism or communism, it is a third way of running the economy other than markets or central planning.

A Participatory Economy has never existed in full form, but it looks like it could work well, so please read on. Also, hold on to your hat, because parecon is very, very different from the economics we are used to.

In a parecon, the goal of education would be to enable everyone to think independently, to make decisions for themselves, to conduct themselves properly at a meeting, and to learn as much as possible, as this is useful for society.

There are plenty of empowering jobs that do not require excellent math skills. Airline pilots, artists, coaches, athletes, designers, musicians, actors, etc. all have empowering jobs. So no, the education system will not be geared to try to make everyone into a scientist or doctor or engineer.

Question: Aren't you proposing that incompetent people perform expert tasks? I don't want to be operated on by a janitor. *Answer:* A balanced job complex does not mean that people who are not qualified to be doctors will start performing brain surgery. If you are not qualified for a job, you are not hired. You can find something else empowering, such as accounting or piloting or acting or whatever.

Question: How can you expect innovation to happen without a profit motive? *Answer:* How many scientists are in it for the money? The weird thing is, many innovators don't seem to be in it for profit. Some surely are, but not all. In a parecon, innovators would get social acclaim, and be rewarded without extra money, the way many scientists are today.

Question: How do we get to a parecon? *Answer:* The first step is to let everyone know that this alternative exists. The first books describing parecon came out about 20 years ago, and yet most of the planet has never heard of it. This includes the vast majority of economists, progressive or otherwise. Until this changes, we cannot hope for much. So please inform others that this alternative exists.

there would be no stock markets, banks or advertising – all nearly socially useless work. The number of workers from these industries, transferred into facilitation work alone, would probably allow parecon’s system to work fine.

Question: Isn’t there a danger that facilitation boards will try to take over the economy for their own benefit? Answer: There are some powerful checks and balances to prevent this. All meetings of a facilitation board would be public, rules would prevent facilitation workers from handling data from their own area, and all would work in a balanced job complex with rotating hierarchy, doing rote work like the rest of the population. Finally, it is hard to imagine how a facilitation worker would gain from trying to push their own agenda to get projects they want to pass. How does it help a facilitation worker to up the production of steel, or decrease the number of new condos? Also, it is impossible to bribe a facilitation worker.

Question: Will healthcare be free? Answer: It depends if people wish to know the cost straight up, or have it hidden. Health care is a service that it seems horrible to make people pay for, so probably the cost will be hidden. But since health care does cost society to perform in terms of resources and work, prices of other goods and services will rise in order to pay for the service, probably spread over a large area for fairness. In any event, if a procedure is needed, but is very expensive, it will be provided as it is needed for the patient. In a parecon, nobody is out to make a profit on healthcare, it is a service run for the good of all.

Question: What will education be like? Does everyone have to be a scientist or doctor? Answer: Currently our education system encourages a minority to excel, use their minds, and become capable of giving orders and making decisions. The rest need to take orders, as is useful for capitalism, where you have the coordinator class and the other classes who do what they are told.

What’s wrong with capitalism?



We currently live in a capitalist economy, as does most of the world. There is no one accepted definition of capitalism, but the core features seem to include private ownership of the “means of production” (which refers to factories, farms, etc), and allocation (which means distribution of goods and services) through competitive markets. A “market” refers to people competing to try to buy and sell goods at the best price for themselves. Of course not all means of production are privately owned, governments can own non-competitive productive property, and some corporations might be subsidized by government. Some economists might argue that capitalism has

never really existed, as we have never had completely free markets, and governments play a large role in regulating and stimulating the economy. However, where we live, most productive property is privately owned, and markets are mostly competitive, hence the term “capitalism” as most people use it, seems to apply.

There are many problems with this capitalist arrangement. For example, there are a relative few, extremely wealthy people that own the major means of production. With immense wealth comes economic and political power. How do they use this power? Often, it is only to enrich and empower themselves even further. The environment and the rights of workers are seen only as obstacles to further wealth and power.

Other problems include the lack of motivation within capitalism to employ everyone. Jobs are created by investment, and investment is risky. If governments do not create a favorable investment climate for job creation, there will not be enough investment for full employment. In fact, it is useful for owners to keep levels of unemployment fairly high, as a threat to workers - a sort of “cushion”. It is to the advantage of the rich if employees are afraid of losing their jobs. If you are afraid of losing your job, then you will, on average, work harder for less pay. If there was full employment, the fear (among owners) is that people will not work hard, as they can always find another job. This threatens profits. Hence, there must always be some level of unemployment. Surely this is insane, as a sane system should encourage full employment.



Of those that are employed, some do empowering work, like managers, doctors, scientists, etc. Most do rote, unpleasant, and less empowering work, like clerks, assembly line workers, telephone solicitors, janitors, etc. Workers also must compete with each other to find jobs. This does not contribute to a healthy society, nor to solidarity. There is constant class warfare, as the owners try to squeeze as much from the workers as possible, and the workers try to strong-arm back maximum wages. Pay is determined by bargaining power, surely not a desirable arrangement.

Markets cause competition amongst producers and do not contribute to solidarity, and are wasteful. Buyers and sellers are pitted against each other, both trying to get the best price for themselves, again contrary to solidarity. If a corporation tries to be responsible to society and the environment, they run the risk of not maximizing profits, and either they will be outcompeted

and absolutely refuse to work, then they will be dealt with – humanely. A parecon will have to choose how to deal with this.

Question: Won't things stagnate as in communism? Won't this become a boring society with no spontaneity? I want to dance after the revolution is over. *Answer:* Certainly you can dance. Remember, this is a full fledged democracy, if you think things are boring, you just have to convince others to lighten things up. Probably everyone will agree and vote to do so. There is massive potential for artists to decorate the cities and towns to make them a wonderful place to be. Imagine cities full of murals and beautiful architecture and nature blended in with roads and buildings. If you don't like that, then imagine something else. People just have to vote for it. When communism collapsed in the Soviet Union, people rejoiced and started wearing blue jeans and drinking coca cola. People can demand fun things like coke and blue jeans. Everyone gets to have fun, it just means we all work a little bit harder to get these fun things.

Question: Will there be advertising in a parecon? *Answer:* Not to convince you to get anything for profit, and not nearly as much as now. Advertising is a fairly socially useless activity. Yes, it gives information about what is available, but that is about it, and it is way overdone in our society. There might be a television station or two or an internet website that lets you see what is available and how it might help you. Also trade shows so people can try out new innovations. But far fewer resources will go into this compared to today.

Question: With all the facilitation boards, wouldn't parecon be excessively bureaucratic? *Answer:* Parecon does have a significant bureaucracy, it is true. However, so does capitalism. A rough guess is that parecon's bureaucracy would be a big as capitalism's. Remember that in a parecon

ready to kill their fellow humans for a few pennies if they can get away with it. Are you such a monster? Do you know anyone who is? Our current system fosters greed and anti-social behavior, yet there are many that give to charity, and who tip waitresses even if they don't have to. Suppose you see a girl enjoying an ice cream cone, about to eat it, standing on the sidewalk. Then a man comes up, takes the ice cream, and shoves her over so she hits the ground crying. Would you not be outraged and shocked by such behavior? Do you know anyone who would not be outraged? This shows that the majority of us care for others. We do terrible things, yes, but how much of this is caused by the situation we are in? People in gladiator rings used to kill each other, because if they didn't, they would both die. Kill or be killed. The solution: don't put people in gladiator rings. Nowadays, people don't kill each other in stadiums; nobody seems to miss the glorious roar of the crowd. In capitalism, companies exploit the environment for profit. The solution: don't make profit possible. In a parecon, there are no companies that get ahead by stepping over people and the environment, you cannot profit by bad behavior, the circumstances don't exist as they do in capitalism. If people are selfish in a parecon, the only way to get ahead is to work hard for the benefit of all. The system fosters solidarity, not competition.

Question: What if people don't want to work? Answer: There are two ways of dealing with this in a parecon. One is to provide for people that are perfectly capable of working but do not wish to. However, this creates problems. In a parecon, the economy *wants* everyone to work, because then everyone else has to work less. Full employment is desired by the parecon system. If people refuse to work and want everyone else to provide for them while they live on the beach playing volleyball and drinking fancy drinks, they will face social pressure to work for the benefits they are getting for free. Thus, the other option is that if you don't work, then you don't get paid, and you go hungry, so you have to work. If some people are able to work

by other corporations, or shareholders will fire those in charge and replace them with people dedicated to profits.

All of this and more has led to wars, environmental devastation, constant unemployment even in rich countries, and great suffering. For example, we currently produce more than enough food to feed everyone, yet nearly one billion out of six billion people are malnourished. We also appear to be heading for a worldwide environmental catastrophe, which appears unstoppable as a wealthy elite find it profitable to ruin the environment in pursuit of wealth.

Even if we fight hard and attain full employment and tame the worst tendencies of capitalism with progressive laws, the fight will still not be over. Workplaces will be disempowering and undemocratic. We will still have markets, and the powerful owners of the means of production will not stop pushing their own agenda. It would seem reasonable to try to find a completely new system, a new economy.

What's wrong with communism?

Communism was a different type of economy that failed miserably, and predictably so. It is still used in a few countries, but it is clear from the dictatorship still existing today in North Korea, and the long lineups for food in the former Soviet Union, that communism is not something to shoot for. What went wrong?

Communism was a centrally planned economy, meaning that committees of "experts" decided what to produce and how much. Productive property was owned by the state. There was supposed to be full employment. The idea was that the expert bureaucrats - coordinators - would calculate allocation in



the best interests of the population, and all would be well, despite there being no democracy.

In both capitalism and communism there exist a class of “coordinators”. They are workers that have empowering jobs with great decision making power to organize the lives of others. Engineers, bureaucrats, doctors, judges and lawyers, and especially managers and heads of corporations are in this class. In capitalism, these workers do not own the means of production, but they run it on behalf of the owners, and typically have higher wages. In communism, the coordinating class predictably became the ruling class in the absence of the owners. They started to run centrally planned communism for their own benefit, and the

political system became a dictatorship run by coordinators.

Like capitalism, communism (or “coordinatorism”) is an economy it would seem rational to do away with, and find a new way of organizing the economy

What are the goals of a Participatory Economy?

A participatory economy is a designed economy with specific goals in mind. Together, Robin Hahnel and Michael Albert designed parecon with specific values they wanted to achieve.

Question: How can the system work with so many meetings? Nothing will get done. Answer: Nearly everyone in a parecon would go to regular meetings, true. People that do not go to meetings today would go in a parecon to help make decisions. However, today there are workers that do little else but attend meetings. While the number of people in meetings would go up, the total time spent of workers meeting probably would not.

Yes there would be meetings, but not all the time and not on everything, just ones that affect you, and they are meant to be short and sweet. For instance, the planning procedure can be accomplished with no meetings if need be.



Question: Won't the talents of some workers be squandered in a balanced job complex? Having an Einstein sweeping floors part time doesn't sound very efficient. Answer: Parecon admits that this is probably an efficiency loss. Very talented workers might not get to do all they could. However, this efficiency loss is offset by efficiency gains. The whole population has a good, empowering job, enabling everyone to reach their full talent, surely an efficiency gain. Also, people like Einstein do not always work 24/7, they need inspiration, and to mull over things, something you can do while shoveling dirt.

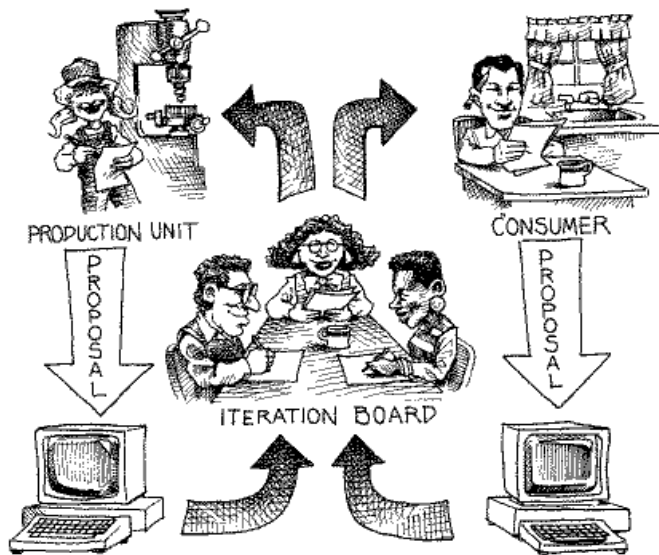


Question: Aren't people are too selfish for this utopian vision to work?

Answer: It is a common misconception that people are greedy monsters

planning procedure, and start making goods and services based on what the planning procedure settled on. The prices will then change throughout the year as unforeseen events might happen and consumption changes. An accident might happen at a workplace, people might not want nuts, an earthquake might happen. As these unforeseen events unfold, facilitation boards would adjust prices to match what is happening.

In a nutshell: workers and consumers make proposals, generate prices, and resubmit in light of these prices, until it finally becomes a workable plan for all. That is how a parecon decides how much to produce and what to produce.



Questions and Answers:

Question: Are you serious? Answer: Yes. Question: No really. Answer: Yes, really.

(1) *Self management* - Parecon strives to use participatory, direct democracy to make economic decisions in a timely manner. The idea is that people should have decision making power in proportion to how much they are affected by the decision. If a decision affects only me, then I and no one else should be able to make the decision. If a decision affects a group of people, then they should all have say over it, and if some are affected more than others, then they should have greater say. We do not necessarily need a 50% majority vote to decide things, rather votes could be 2/3 majority, 80% or 95%, or consensus. In some cases people might get two votes, depending on how people are affected by the decision.

Democratic principles should rule the economy, not an elite class of owners or coordinators. This value also contains within it an implicit rejection of hierarchy. When someone has power over others, it is fundamentally abusive, a denial of people's right to self determination, which is considered a fundamental good. However, parecon acknowledges that in some instances it is inefficient or foolhardy to disallow someone to be in charge. If this is the case, and a hierarchy cannot be eliminated for some desirable task (such as saving the lives or people by doing what a volcano expert tells you when a volcano is erupting), then the position of being in charge should be rotated to avoid a permanent hierarchy.

Also implicit in this goal is classlessness. The economy should promote one class of workers, not elite and non-elite classes.

(2) *Equity* - The economy should reward work in an equitable manner. In capitalism, work is rewarded according to bargaining power - how much workers can strong arm from their employer. Instead, parecon proposes to reward work according to effort and sacrifice, tempered by need. If you work hard at a strenuous job, you should receive greater pay. If you work

more hours, you should be compensated more. As long as your job benefits society (and all jobs would be socially useful in a parecon) this seems fair. If you are unable to work, it is only fair that you should still be able to live a decent life; compensation is tempered by need.



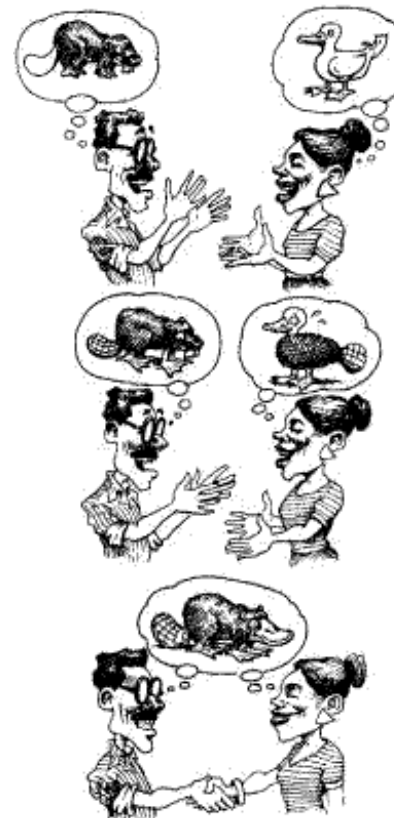
This is in contrast to capitalist norms, as above, but also in contrast to the notion that pay should be according to output. Should I not get more if I produce more? No, you should not. If two people expend the same amount of effort and sacrifice, and one produces more, or if the one that produces more actually expends less effort and sacrifice, paying them more simply rewards them for their genetic gifts. Being smarter or

stronger should not entitle one to more pay, it is not fair. It seems much more ethical to reward for effort and sacrifice, as long as the job is done in a reasonable manner. A gifted composer and a less gifted one might both produce music that people like, but if the gifted one barely works, and the less gifted one spends many hours doing the best they can, the more gifted should receive less. If the gifted one **wants** more, she should work harder, producing more and more wonderful music. To receive more, one must work harder and/or longer.

(3) *Diversity* - The economy should allow for diverse needs and opinions. We do not want to put all our eggs in one basket while making decisions.

(4) *Solidarity* - The economy should promote agreeable societal relations. An economy should promote consideration for others, and feelings of mutual respect and good group feelings. Capitalism does the opposite.

refrigerators. She might decide to up production for this reason, and convince others to work more to make the extra steel. Or she might not. In any event workers consider the new data and respond appropriately. So perhaps a week passes, now everyone resubmits fresh proposals, which will generate new prices. Except now there is a catch, people will not be allowed to change their proposals by some given percentage. Some of the original proposal must remain. What this does is to start to force convergence to a workable plan. Not everyone can get everything they want, but they can get most of what they want while accommodating the needs of others. Once the



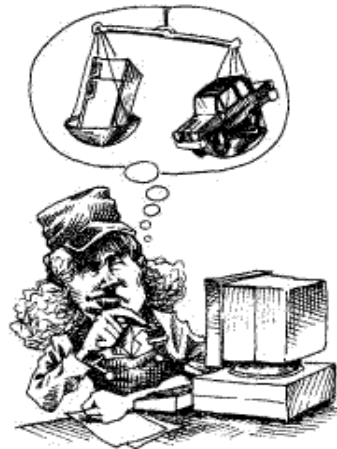
second round prices are looked at, people resubmit based on the new prices, but they can only change their proposals again by a smaller percentage of their original proposal. This might repeat a few times. Maybe there will be five iterations of the planning procedure in all. How many rounds there are, at what round to start disallowing changes and what percentage of the original proposal must remain in each round is something the parecon will find out for itself – whatever works best. The point is to get the planning process converging to something that works for all. This is participatory democracy via people voting with their proposals, and changing them based on what they find important.

Once the planning process is done, prices get base values and prices are set for awhile. The production plants have their marching orders from the

might propose to work more, so you can pay for it.

Community proposals might also change. Other communities will look at the above average consumption requests of some communities and the reasons for them. If the reasons are not compelling, the communities will come under pressure to change their proposals. The pressure might come as feedback, but also local prices will go up to pay for the collective consumption proposals. If the price of local goods in a city becomes too high to pay for the new sports stadium, let's say, then the stadium might need reconsideration. This is sort of like a "tax" so the price of collective consumption is known by those affected by it.

People may take a week to consider the changes they wish to make. People get time off work to do this, but people still work during the planning procedure, albeit less hours. Workers would look at demands being made of them, and consider what to do about proposals affecting their workplace. After some consideration, decisions might be made to raise production, or work longer, make a new production plant to meet rising demand, or close down to meet less demand. For instance a worker in a steel plant might wish to know why there is more demand for steel than planned for, and look up the reasons. This is another thing that is different about "prices" in a parecon. There is qualitative data as well as quantitative – you can always look up the reason for a price. This serves as a means for people to get gradually educated about the economy. It also builds solidarity, as it helps people decide on things in human terms. The steel worker might find that people really want the steel for good reason, maybe to make new efficient



(5) *Efficiency* - The economy should produce the most output for the least amount of work, it should also not waste resources or time. Since the economy cannot produce anything without a healthy environment, implicit in this definition of efficiency is the idea that the economy should promote sustainability.

Parecon meets all of these goals, in a rather impressive manner. Please read on.

What would work be like in a Participatory Economy?

First of all, as is obvious from the first goal, workplaces in a parecon would be democratic. Some decisions might require a 50% majority rule, others, like a plant upgrade that would involve a great deal of disruption, for questionable gains, would seem to require a larger majority.

But democracy in the workplace is not enough. Suppose you have a small workplace where the managers and accountants and janitors and assembly line workers all meet to plan what to do. Who has all the ideas? The managers and accountants do. Who has all the training for planning and assessing plans? Again, the managers and accountants. After a few meetings, one might wonder why janitors are necessary at all meetings, as all they can do is say yes or no to the ideas of other workers. Hierarchy will assert itself, and progress towards democracy will be curtailed.

The solution to this problem is to create a balanced job complex, where every worker is given empowering and challenging tasks to do, enabling them to come to a meeting on equal footing with everyone else. At the same time, everyone must also have a rote set of tasks to do. For instance a doctor (an empowering job) might sort mail for some of her work week

(disempowering). A musician might go down a mine shaft to mine aluminum for a few months at a time, then return to be a musician again. A book editor might edit books Monday through Wednesday, drive a delivery truck Thursday, sweep the publishing house for half of Friday, then return to editing for the rest of the day. The point is to share the rote and unpleasant work amongst everyone, as is only fair, and to empower everyone to make a contribution to their workplace, and to make work life enjoyable for everyone.



This helps create just one class of workers. It increases efficiency, as now everyone (as much as possible) has a motivation to work because their job is interesting or challenging or enjoyable, or all three. Rather than have a few people excel at their job, everyone has an opportunity. As an analogy, rather than have one person win a race, parecon seeks to get the best total time for all runners combined. Work life will allow everyone to flourish. There is an incentive for technological innovation to get machines to do the rote work, freeing people up for more empowering work, or even no work. If a 40 hour work week is typical in capitalism, a 20 hour work week might be typical in a parecon, depending how much people want to work and consume.

As for hierarchy, parecon tries to eliminate this in the workplace wherever possible. If it cannot be eliminated, then the position of being in charge is rotated. For instance, a worker that directs baggage handlers one day of the work week does not have that position the next day, instead might be one of



the planning process begins. All the proposals are put forth for all citizens who are affected to consider. The citizens who are interested look at the proposals (if there are a lot, they are packaged together into appropriate bundles) and give them a “thumbs up” or “thumbs down”. Thus the proposals are prioritized for the planning round.

At the same time as all these consumption proposals are put forth, workers also propose how many hours they plan to work for the following year. If you want to consume a lot, or save for a big trip, you would put in a proposal for a lot of hours. If you do not want to work so much this year, you would put in a small proposal. Also, workplaces make collective proposals for upgrades. This gives a proposed supply, and the consumption proposals give a proposed demand.

The proposed supply and proposed demand are summed up to give prices for all goods and services. Also, if a good or service hurts the environment, the price is inflated. If the good is dangerous to the workers to produce, or hurts society in its consumption, the price is also inflated. Thus the proposed prices reflect the social opportunity cost.

People can now look at these proposed prices, and after reflection, might change their mind about their proposals. At an individual level, you might change your mind on buying that new fishing boat, as it is going to be quite expensive. If you are determined to get your boat, you



how much. In a parecon, we want to figure this out democratically. So how is it done?

Allocation is accomplished during the participatory planning procedure, a yearly event where people and communities propose (and predict) what they want to consume in the following year, and workers propose how much they wish to work.

For instance, as an individual, you might propose to consume an average diet, with an emphasis on nuts, as you love nuts. If you don't put in your request for nuts, you might not get all the nuts you want at the store. As another example, if you plan on having a baby, you would request baby accessories like diapers and cribs. This should not be time consuming, and can easily be done on a computer. Your proposal will be based on estimated prices for things, based on last year's procedure, and predictions made by facilitation boards for future prices. Also, you get time off work to do this during the planning procedure to enter your proposal.

At the community level, citizens would make proposals for collective consumption, and send them to a facilitation board, which would make the proposal into something workable. Each citizen would be part of a neighborhood council. They would also be part of the city or town council, a provincial council, and a national council, depending on how much a person wants to participate. Each council makes collective consumption proposals, via individuals or groups making proposals for collective consumption. For instance, you might propose that the streets in your neighborhood need repaving, or on a larger level, a new theater is needed in your city, or a new power plant is needed, or at a national level, that asteroid mining should be developed. No matter what the proposal, a facilitation board is mandated to work with you (and others) to make the proposal workable. Following this,

the baggage handlers, or do some other less empowering task. This makes it impossible for a permanent hierarchy to develop.

Further, workers are paid according to effort and sacrifice. Tasks will be roughly measured for not only the empowerment they bring, but also the amount of effort and sacrifice they entail. Being an astronomer does not entail as much effort and sacrifice as collecting trash in the hot sun. Thus if we roughly weigh the two tasks (astronomer = 2/10 for effort and sacrifice (let us say for example, and disregarding the training it takes to be an astronomer), trash collecting = 9/10 for effort and sacrifice) and average (about 5.5) we get a rough effort and sacrifice rating for this job, and any other balanced job complex we might think of. Then you can multiply this by the number of hours each person works, and calculate each person's pay. The more hours worked, the more compensation they get. The less hours worked, the less compensation. Since everyone works in a balanced job complex, everyone should have an effort and sacrifice rating close to average for their particular mix of tasks. Alternatively, co-workers could note the effort and sacrifice of their peers, thus rating each other.

This is a fair way of rewarding work, and, as above, is a better scheme than rewarding for output, as those who win the genetic lottery get the most compensation. Also, though one might only be able to get a rough approximation of the effort and sacrifice involved with each task, it is actually easier to measure effort and sacrifice than it is to measure output. Who does a more important task, the surgeon or the nurse that prepares the room and assists efficiently? You might say the surgeon, but how much more important is she? That is even harder to measure. Also, remember that people who cannot work are compensated according to need, as is also only fair. Also, while you might become rich through working longer hours, you will not be able to become much more wealthy than someone who works

close to average hours. Any wealth you do get will be because you benefited society with your work, and are justly rewarded for it.

Ownership and Money:

We have just seen that work life in a parecon looks different than in capitalism. There are a few other differences we should note.

(1) *Collective ownership of the means of production:* Productive property would be owned by everyone and no one. There would be no private ownership of productive property, you can own a house, your food, your toothbrush, but you cannot own a farm or a factory. This may sound like communism, but the problems that eliminating private ownership of the means of production introduced in communism should be avoided in parecon's extremely democratic environment. Plus, this is one of the main things wrong with capitalism; it should be eliminated if we want a good society. This also means there is no private investment. You can't put a bunch of capital into a restaurant and own it and get profits from the restaurant. It simply can't be done. This means there are no banks, no interest rates, no stock markets, no government stimulus, etc.

(2) *Money* - In parecon, the concept of money is very different from that of capitalism. In fact, it might be said that money does not exist at all. It is more like bookkeeping, a record of how much you worked. When you work, you are awarded credits according to your effort and sacrifice, which entitles you to consume as you have benefited society with your labor. If you wish to buy



goods with your credits, you go to a store and buy things. Suppose you have 1000 credits and go buy some apples for 2 credits, now you have 998 credits. To get your total back up, you must work more. The two credits have not gone into a till, or bank, they are gone. They have sort of disappeared. There is no flow of money. To get more credits, you must work more.

Further, you cannot exchange credits with another person. If you give someone your couch, they cannot give you credits for it, credits are only redeemable at a store. If you give someone your credit card, they cannot use it, as they are not you. This makes bribery very difficult, and prevents the reestablishment of capitalism. You can still exchange a couch for a stereo, just not credits. There are no interest rates, there is no inflation, money is just plain different.

(3) *Prices* - In a parecon, prices would reflect the "social opportunity cost" of producing a good. If a good hurts the environment, the price is automatically inflated to discourage excess consumption. If an item or commodity has the potential to harm society, like tobacco or alcohol, the price is also inflated. An automobile that consumes gasoline would be very expensive in a parecon, due to its negative impact on the environment. In contrast, a car is much cheaper in capitalism, as sellers can ignore the social and environmental effects of their product. These are known as "externalities" to mainstream economists.

How would Allocation work in a Participatory Economy?

The question arises: what and how much are we going to produce in our economy? (known as "allocation") In capitalism this is done in a competitive market, where supply and demand supposedly dictate what to produce and